

## Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 SSO-00 EB-07 /020 W

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O R 301135Z APR 76

FM AMCONSUL ZAGREB

TO SECSTATE WASHDC IMMEDIATE 3711

INFO AMEMBASSY BELGRADE

UNCLAS ZAGREB 332

E.O. 11652: N/A

TAGS: BEXP, YO

SUBJECT: PRODUCT OPPORTUNITY: NAFTAVOD OIL PIPELINE -  
TELEMETRY AND CONTROL EQUIPMENT

REF: A. ZAGREB BNWQ

B. STATE 98101

1. HARRIS CORPORATION REPS PUNCH AND ADERSON MADE PRESENTATION TO NAFTAVOD PROCUREMENT OFFICIALS AND TECHNICAL STAFF MORNING OF APRIL 30. IN JUDGMENT OF CONGEN OFFICER WHO ACCOMPANIED, TECHNICAL STAFF READILY ACCEPTED FACT THAT HARRIS COMPETENT AND EXPERIENCED IN PIPELINE SUPERVISORY SYSTEMS AND WOULD BE GENUINELY INTERESTED IN HAVING HARRIS IN THE COMPETITION.

2. PROBLEM, AS REPORTED REFTEL A, IS THAT PREQUALIFICATION DEADLINE ON TELEMETRY AND CONTROL EQUIPMENT HAS PASSED. NAFTAVOD ACTING COMMERCIAL DIRECTOR, DAMIC, WHO ATTENDED PRESENTATION, STATED NAFTAVOD ON ITS OWN AUTHORITY COULD NOT REPEAT NOT ACCEPT HARRIS QUALIFICATION DOCUMENTS. HOWEVER, IF IBRD, WHICH IS CALLING THE SHOTS ON TENDER PROCEDURES CONCURS, NAFTAVOD WOULD ACCEPT HARRIS. IBRD REP RISTOCELLI (TITLE AND FUNCTION UNKNOWN) IS SCHEDULED TO VISIT NAFTAVOD FOR FIVE DAYS BEGINNING MAY 5, AND NAFTAVOD WILL POSE QUESTION TO HIM.

3. FYI. NAFTAVOD CONCERNED THAT IF IT MAKES EXCEPTION IN TELEMETRY CASE IT WILL SET PRECEDENT FOR SUBSEQUENT PREQUALIFICATIONS AND CREATE MESSY ADMINISTRATIVE SITUATION. TEN FIRMS WHICH DID MEET DEADLINE FOR TELEMETRY UNDERSTOOD TO HAVE BEEN PUT ON

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THE "QUALIFIED" LIST. THIS NUMBER INCLUDES 3 FRENCH, 1 SWISS,

AT LEAST ONE FROM UK BUT NO AMERICAN FIRMS.

4. ACTION REQUESTED: CONGEN RECOMMENDS APPROACH TO IBRD PRIOR RISTOCELLI'S DEPARTURE (HE IS UNDERSTOOD TO BE COMING DIRECTLY FROM WASHINGTON) TO MAKE FOLLOWING POINTS: (A) IT IS DIFFICULT FOR U.S. FIRMS TO BID OR PREQUALIFY ON NAFTOVOD TENDERS BECAUSE OF SHORT 30-DAY LEAD TIMES AND DELAY INHERENT SIMPLY IN GETTING INFORMATION AND DOCUMENTS TO THE U.S. AND RETURNING DOCUMENTS AND BIDS TO YUGOSLAVIA; (B) ALL PARTIES INVOLVED -- NAFTOVOD, GOY, LENDERS, CONSUMERS -- WOULD BENEFIT FROM HAVING GOOD SELECTION OF BIDDERS, AND AS HARRIS CERTAINLY ONE OF TOP SUPPLIERS IN THE WORLD FOR THIS TYPE OF EQUIPMENT FAILURE TO PERMIT BID FROM THEM COULD MEAN THAT PERHAPS MOST QUALIFIED AND LOWEST COST SUPPLIER EXCLUDED;

(C) THIS NOW IS ONLY THE PREQUALIFICATION STAGE. THEREFORE THERE WOULD BE NO COMPROMISE OF INTEGRITY OF BIDDING PROCEDURE TO INVITE ADDITIONAL BIDS. CERTAINLY ORGANIZATION SUCH AS NAFTOVOD FOR PURPOSE OF DETERMINING WHO WILL BE INVITED TO BID SHOULD BE FREE TO AUGMENT A LIST OF POTENTIAL BIDDERS COMPILED ON SELF-NOMINATION BASIS WITH OTHERS OF DEMONSTRATED ABILITY AND INTERNATIONAL REPUTE; AND (D) IN LIGHT OF THESE CONSIDERATIONS, NAFTOVOD AND IBRD OBJECTIVES BEST SERVED BY ACCEPTING HARRIS PREQUALIFICATION DOCUMENTS. KAISER

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